

Company Number 3104203

**GTC PIPELINES LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2003**



## GTC PIPELINES LIMITED

### REPORT OF THE DIRECTORS FOR THE YEAR ENDING 31 DECEMBER 2003

The Directors submit their Report and Financial Statements for the year ended 31 December 2003.

### PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The Company undertakes the installation and operation of gas pipeline networks to housing and industrial developments.

The accounts for the year ended 31 December 2003 show a loss after taxation of £850 (2002: (loss) £24).

The Directors do not recommend the payment of a dividend and the loss has been taken from reserves. The Directors consider the state of the Company's affairs to be satisfactory.

### PARENT UNDERTAKING

The Company's ultimate parent company is International Energy Group Limited, a Guernsey registered company.

### DIRECTORS

The Directors who served during the year, and their interests in the shares of International Energy Group Limited, were:

	Number of shares 31 December 2003	Number of shares 31 December 2002
Mr P Fairclough	1,115,122	1,114,922
Mr A Spruce	360,000	360,000
Mr M R Richards	160,000	35,000
Mr M J Palmer (resigned 30th May 2003)	-	5,670
Mr N Shaw	-	-

GTC PIPELINES LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDING 31 DECEMBER 2003 (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company, and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:-

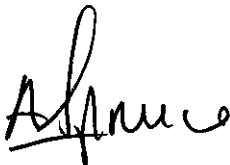
- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company, and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

HLB AV Audit plc have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Signed on behalf of the Board of Directors



Director

30 March 2004

## INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDERS OF GTC PIPELINES LIMITED

We have audited the financial statements of GTC Pipelines Limited for the year ended 31 December 2003 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective Responsibilities of the Directors and Auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### Basis of Audit Opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*HLB AV Audit plc*

HLB AV Audit plc  
Registered Auditors  
Southampton

30 March 2004

GTC PIPELINES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2003

	Note	31 December 2003 £	31 December 2002 £
Turnover		4,470	5,223
Operating costs		5,683	5,257
		<hr/>	<hr/>
Loss on ordinary activities before taxation	2	(1,213)	(34)
Taxation		(363)	(10)
		<hr/>	<hr/>
Loss for the financial period		(850)	(24)
		<hr/>	<hr/>

All of the Company's operations are classed as continuing.

There is no material difference between the loss on ordinary activities before taxation and the retained loss for the year stated above, and their historical cost equivalents.

The notes on pages 7 to 10 form part of these financial statements. A statement of movements on reserves is given in note 10.

GTC PIPELINES LIMITED

BALANCE SHEET AT 31 DECEMBER 2003

	Note	31 December 2003 £	31 December 2002 £
<b>FIXED ASSETS</b>			
Tangible assets	5	48,445	42,553
<b>CURRENT ASSETS</b>			
Debtors	6	3,318	3,472
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	7	(18,252)	(11,301)
<b>NET CURRENT LIABILITIES</b>		(14,934)	(7,829)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		33,511	34,724
<b>AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>			
Provision for liabilities and charges	8	1,703	2,066
<b>NET ASSETS</b>		31,808	32,658
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	1,000	1,000
Profit and loss account	10	30,808	31,658
<b>Total equity shareholders' funds</b>	11	31,808	32,658

The accounts on pages 5 to 10 were approved by the Board on 30 March 2004 and were signed on its behalf by:-



Director

The notes on pages 7 to 10 form part of these financial statements.

# GTC PIPELINES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2003

### 1 ACCOUNTING POLICIES

The significant policies adopted in the preparation of the accounts are as follows:

#### (i) Basis of Presentation

The accounts have been prepared on a consistent basis with previous years, using the historical cost convention, and comply with applicable accounting standards.

#### (ii) Tangible Fixed Assets

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of fixed assets on the straight-line basis over their estimated useful lives. The rates in use are:

Plant and machinery	5%
---------------------	----

#### (iii) Deferred Taxation

Deferred tax is provided in full, subject to certain exceptions, for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the financial statements and for tax purposes. Deferred tax assets and liabilities are not discounted.

### 2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

This is stated after charging:

	2003 £	2002 £
Depreciation	2,994	2,772
Auditors Remuneration	600	500
	<u>          </u>	<u>          </u>

### 3 DIRECTORS AND EMPLOYEES

The Company has no full time employees.

No remuneration was paid to the Directors during the period.

### 4 TAXATION

	2003 £	2002 £
Deferred tax movement	(363)	(10)
	<u>          </u>	<u>          </u>



GTC PIPELINES LIMITED

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2003 (continued)

5 TANGIBLE FIXED ASSETS

Plant and  
Machinery  
£

Cost

At 1 January 2003

55,495

Additions

8,886

Disposals

-

At 31 December 2003

64,381

Depreciation

At 1 January 2003

12,942

Charge for the year

2,994

Disposals

-

At 31 December 2003

15,936

Net book amount at 31 December 2003

48,445

Net book amount at 31 December 2002

42,553

6 DEBTORS

2003  
£

2002  
£

Trade Debtors

1,316

1,327

Prepayments and accrued income

2,002

2,145

3,318

3,472

GTC PIPELINES LIMITED

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2003 (continued)

7 CREDITORS

	2003 £	2002 £
Amounts falling due within one year:		
Accruals	2,300	1,000
Trade creditors	775	775
Amounts owed to parent company	15,177	9,526
Other	-	-
	<u>18,252</u>	<u>11,301</u>

8 PROVISION FOR LIABILITIES AND CHARGES

Deferred taxation provided in the accounts is as follows:-

	2003 £	2002 £
Capital allowances in excess of depreciation	11,388	11,236
Unrelieved losses	(9,685)	(9,170)
	<u>1,703</u>	<u>2,066</u>

9 CALLED UP SHARE CAPITAL

	2003 £	2002 £
Authorised:		
1000 ordinary shares of £1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>
Allotted and fully paid:		
1000 ordinary shares of £1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>

# GTC PIPELINES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2003 (continued)

### 10 RESERVES

	Profit & loss a/c £
At 1st January 2003	31,658
Loss for the period	(850)
	<hr/>
At 31st December 2003	30,808
	<hr/> <hr/>

### 11 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2003 £	2002 £
Loss for the financial year	(850)	(24)
Opening shareholders' funds	32,658	34,758
Prior year adjustment	-	(2,076)
	<hr/>	<hr/>
Closing shareholders' funds	31,808	32,658
	<hr/> <hr/>	<hr/> <hr/>

### 12 ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is International Energy Group Limited, a company incorporated in Guernsey and listed on the London Stock Exchange.

### 13 RELATED PARTY TRANSACTIONS

The Company is exempt from related party disclosures in respect of group transactions on the grounds that the consolidated financial statements in which the Company is included are publicly available.